

1. Introduction

According to its objective as a ‘sub-regional economic cooperation’, the Greater Mekong Sub-regional cooperation (GMS) has a mission to promote economic and social development by strengthening economic linkages between the member countries who share the Mekong River. Even though, the idea of sub-regionalism is known in Asia commonly but the characteristic nature is still vague in the GMS’s notion. Consequently, this paper aims to examine the sub-regional mechanism of the GMS by applying an analytical framework to the sub-regional phenomenon using empirical studies. Moreover, given the proliferation of sub-regionalism, this paper implies that the GMS is an intergovernmental mode of cooperation representing more a foreign policy tool and less an integration process. Consequently, the nature of the institutional mechanism will also be investigated.

This paper will be divided into two tasks. First, the conceptualization and characteristics of regionalism and sub-regionalism will be indicated and examined. The notion of institutional frameworks will be illustrated theoretically. Second, the illustrated theoretical approaches will be applied to investigate how/whether the GMS develop economically and politically as a sub-regional cooperative mechanism. In addition, the paper will show how the GMS work institutionally and functionally. Finally, conclusions will be stated that concern the future and opportunities presented by the GMS’s development.

2. Historical background of the GMS

Historically, after having studied economic cooperation in Southeast Asian countries for some time, the Asian Development Bank (ADB) discovered that within the sub-region including Cambodia, Laos, Myanmar, Thailand, Vietnam and Yunnan Province of the People’s Republic of China, who share the resource of the Mekong River, there was the potential to enhance economic cooperation as a natural process.

As a result, in November and December 1991, the ADB conducted initial consultations with the governments of the six countries on proposed assistance for studies in sub-regional economic cooperation (ADB 1993: Preface). The Bank designed a regional Technical Assistance Programme and provided financial resources to study the feasibility of sub-regional economic cooperation between the participating governments.

Consequently, the Greater Mekong Sub-regional Cooperation Programme was created at a conference held in October 1992 to promote economic and social development by strengthening economic linkages between the member countries, which share the Mekong River. After the ending of the political tension of the Cold War era, together with developing globalisation, the six riparian countries wanted to turn to new opportunities for regional cooperation.

The programme started as a pragmatic, action-driven and results-oriented initiative; however, it has been informal and guided only by a general set of principles and institutional arrangements¹. More specifically, the ADB identified the key objectives for GMS as being to²

- Realise and enhance sub-regional development opportunities
- Facilitate trade and investment among the GMS countries
- Resolve or mitigate trans-border problems such as disease control, drug trafficking and environmental degradation
- Utilise common resources and achieve common policies

These main objectives aimed to improve employment opportunities, generate higher living standards, reduce poverty, and modernize the various economic sectors. In addition, it has promoted eight specific programmes covering: energy, environment and resources management, human resource development, investment, tourism, telecommunications, transportation, and trade.

Hence, the philosophy on which the GMS are constructed is based on the principle of ‘stability and peace through prosperity’ (ADB, 2002: 4). The members

¹ <http://www.adb.org/GMS/gmsprog10.asp> (21/10/04)

² *ibid*

thus perceive regional economic cooperation as a stimulus for regional security and political stability.

Nevertheless, the GMS's identity has not been easy to establish. Starting with its membership, it presents great asymmetry in terms of economic development, security concerns, political power, size and population, and affiliation to international organisations. Historical events and trends have left each country at a different level of economic development. Geographical proximity still presents complex security problems between neighbouring countries, and almost all the members have bilateral security problems along their borders. Notwithstanding these problems, it seems that all the member countries remain focused on sub-regional cooperation.

3. The GMS and sub-regionalism

3.1 Theoretical approaches:

In order to understand the nature of the GMS in sub-regional mechanism, the paper will illustrate the conceptualisation of sub-regionalism and try to examine what does sub-regionalism look like by starting with literature reviews of regionalism as the initiative point for providing idea of sub-regionalism. Moreover, according to sub-regionalism remains a process of institutional nature, the notion of institutionalism will be investigate theoretically. Subsequently, both analytical frameworks will be deployed to case study.

3.1.1) Sub-regionalism- what does sub-regionalism look like?

In this paper, regionalism and regional cooperation have been used interchangeably to refer to the same phenomenon. Some scholars employ terms like regionalism and regional cooperation to describe similar activities and processes. Walter defined regionalism as the conscious policy of states to coordinate activities and arrangements within a larger region (Walter, 1995:77). Higgott says that 'Defining *region*, *cooperation* and/or integration is difficult and replete with ambiguity' (1997: 166). However, he described the traditional perceptions of regionalism as normally originating from one or more criteria out of ethnicity, race, language, religion, culture, history or economic and political cohesiveness (1997: 166). Furthermore, regionalism may be defined as 'a limited number of states linked together by a geographical relationship and by a degree of mutual interdependence in

the form of regional states grouping' (Nye, 1968: vii). Hurrell also insisted that geographical proximity, contiguity and the dynamics of the region are the most important contributing factors for the rise of regionalism, as without some geographical limits, the term 'regionalism' becomes diffuse and unmanageable (1995: 38). Moreover, some academics define regionalism as an economic process whereby economic flows rise faster among a given group of states (in the same region) than between these states and those located elsewhere (Mansfield, 1999: 2). Economic regionalism refers more specifically to the regional coordination of economic activities, instruments, and arrangements (Nesadurai, 2001: 7). Keohane explained cooperation as taking place when the actions of separate individuals or governments, previously not in harmony, are brought into conformity with one another through a process of negotiation, which is often referred to as policy coordination (1984; 51).

Sub-regionalism fits these definitions as a type of regional cooperation but it is better conceptualized as a coordination of policies among states in a circumscribed space. As a result, the prefix "sub" is used for emphasizing that the cooperation process is embedded in a broader intra-regional project rather than in a form of integration within the area it delineates. Sub-regionalism does not operate at the higher levels of integration, with the aim of achieving a union, as described by classic integration theory³. The definition of sub-regionalism can be learnt from the research of the East West Institute⁴ about regionalism in the post-Cold War world as follows:

Sub-regionalism can be described as a process of regularized, significant political and economic interaction among a group of neighboring states. This interaction takes place between national governments, local authorities, private business and civil society actors across a wide range of issues. It tends to be characterized by a low level of institutional activity and to be directed at the specific challenges negotiated, usually neighbouring states.

³ Generally, regional integration refers to a deeper process than regional cooperation; such as economic integration often referred to as the formation of a transactional economy; political integration often referred to as the degree of transfer of sovereignty of functions to supranational organs; and social integration often involved with the formation of transactional society. Regional cooperation may (or may not) form part of the process of regional integration.

⁴ See the three volumes produced by the EastWest project: Cottey, 1999; Dwan, 1999; Dwan&Pavliuk, 2000

Moreover, geographic proximity is an element of any sub-region with many of them emerging around a natural physical border or feature, with this common factor becoming the basis of cooperation.

Similarly, Hook and Kearns have identified four common features in all sub-regional groups (1999: 248-250). First, sub-regional projects are of a multidimensional character in terms of their activities. Second, they are driven by liberal economic ideas, therefore being of an open nature representing an attempt to promote export and trade liberalization. Third, they do not form exclusive identities and promote projects that would favour elites within their population. Fourth, as far as security is concerned, they only deal with soft security issues such as organized crime.

Sub-regionalism provides a means by which states can target specific areas within their boundaries for development. The contiguous areas, which more often than not are already interacting with each other, albeit informally, have the states' blessing to promote a borderless environment (Thambipillai, 2004: 199). Furthermore, sub-regional cooperation may be understood in terms of converging domestic policy preferences among regional states. Convergence of national economic policy preferences centred on certain ideas, such as economic liberalisation and deregulation, may thus lead to regional integration as a way of consolidating market-liberal policies.

3.1.2) Institutionalism- what's the framework of institutionalism?

Neoliberal institutionalism has been the most influential theoretical approach to the study of international cooperation (Keohane, 1989; Keohane, 1984). Its basic argument is that increasing levels of interdependence generate increased 'demand' for international cooperation. Institutions are perceived as purposively generated solutions to different kinds of collective action problems. As Keohane states, regimes are established by states to achieve their purposes. Facing dilemmas of cooperation and collaboration under conditions of interdependence, governments demand international institutions to enable them to achieve their interests through limited collective action (Keohane, 1993: 274). The institutional approach is heavily statist, concerned with ways in which states, conceived as rational egoists, can be led to cooperate (unlike realism, it argues that cooperation is possible). The extent of

cooperation will depend on the existence of international institutions or regimes, whose main contribution is to change the context within which states make decisions based on self-interest. Cooperation fostered by awareness of bounded rationality does not require that states accept common ideals or renounce fundamental principles of sovereignty (Keohane, 1984: 13). Institutions matter because of the benefits that they provide and because of their impact on the calculations of the players and the ways in which states define their interests. Cheating or defection is considered the main obstacle to cooperation rather than, as neorealists argue, distributional conflict and concern for relative gains. The trend has been to apply institutional theories not to specific regional questions but to more general economic and environmental fields.

3.2 Comprehensive sub-regionalism

- How the GMS is a case of sub-regional cooperation?

Sub-regionalism and sub-regional cooperation are used interchangeably as terms that both highlight the process of coordination that is formally constructed by intergovernmental groupings which cover a small area with wide-ranging services, as is presented by the GMS. Although the agendas of the above-mentioned schemes are broad, their actual influence both in the realisation of projects and the mobilisation of the private sector, as well as on the GMS decision-making process, is limited. Two main reasons can be identified: first, the absence of a genuine economic rationalisation; and second, the security problem existing in the region which mainly involves border areas. Formal cooperation among sub-state actors has developed as a response to or on the initiative of the GMS. Along with attempting to foster a comprehensive type of sub-regionalism, the GMS has aimed to implement economic issues connected with trade, infrastructure, technology and energy concerns. The scope of sub-regional cooperation has been widened to include social concerns, and security issues were set aside. The GMS aims to spur social and economic development through collaborative efforts. The expectation is that inter-governmental support will encourage other actors, such as the business sector, to invest in physical and human development.

Consequently, the paper will analyse sub-regional mechanism of the GMS into following categories:

- 3.2.1) Geography

From the geographical perspective, the GMS comprises approximately 300 million people and its territory covers about 2.6 million square kilometres and is a vast area of enormous wealth and variety of natural resources, including a rich agricultural base, timber, fisheries, minerals, energy in the form of hydropower, as well as many beautiful tourist attractions (ADB⁵). These natural resources can fuel economic development in the sub-region. Water from the Mekong River supports agriculture. It can also be used to generate electricity and as transport corridors. In addition, people who living on the borders between the member states can gain higher incomes from tourism and border trade. Moreover, as geographic proximity is an element of any sub-region that emerges around a natural physical border and in which cooperation is encouraged, sub-regional economic corridors projects were initiated (see details in economic activities section).

Furthermore, the Mekong River also provides a natural link for people who live in its basin, along various sections of its length (Thambipillai, 2004, 199). Political differences may have kept the people apart for decades but, given a peaceful environment, the Mekong has provided an identity and the reason for sub-regional cooperation. The Mekong has transcended the local myths, folklore and economic opportunities associated with a confined locality; it is now shared by a larger segment of the people of the region. The Mekong sub-region is proof that peace and friendly relations are fundamental before there can be any public or private sector, domestic or foreign, regional or international, input, assistance and participation.

- 3.2.2) History

Historically, informal links and cross-border activities have existed for many centuries, for instance in the areas of the northern part of Thailand, China's Xishuangbanna, Chieng Tung (the Shan city-states in Myanmar), and Laos (Thambipillai, 1998: 262). These areas used to be the home of an ancient community of "Dai"⁶ people along the Mekong River that were once city-states, where there were kinship relations among the rulers. Nevertheless, the city-states systems were

⁵ <http://www.adb.org/GMS/about.asp> (6/06/2005)

⁶ see more in Charoenmuang, T. in Thailand-Myanmar-Laos-China: Economic Quadrangle, Cultural Quadrangle, (Bangkok: Kobfai, 1995)

amalgamated into nation states, namely Siam, China and Myanmar in the colonial period, but with the exception of Chieng-tong or Luang Prabang in Laos. At that time, the French occupied Laos and the British colonised Myanmar. The political relationships among these former city-states nearly collapsed, as only trading operated by the West continued. Furthermore, during the Cold War period, political conflicts across borders among the nation states in the Mekong region interrupted formal political relationships (Thambipillai, 1998: 262). Hence, the GMS's economic cooperation can provide these neighbouring countries with great opportunities to build closer political and economic relations once again, though in a different era and under a new regime.

- 3.2.3) Economic Activities
- Sub-regional economic zone

At the end of Cold War period, regional economic cooperation became a prominent trend of the new world economy because of its effective motivation in increasing the bargaining power and maximising the economic advantage of member states. Consequently, since the late 1980s in the Asia Pacific region, sub-regional economic zones or growth zones have emerged in order to spur social and economic development through collaborative efforts (Thant, 1998: 9).

Among a number of sub-regional growth zones in Asia⁷, the GMS have attracted attention from academics interested in international relations and economic

⁷The existing sub-regional growth triangle initiatives are the Indonesia –Malaysia –Singapore Growth triangle (IMT-GT [IMS-GT?], set up in 1989-90); the Northern Growth triangle that consists of the northern states of Malaysia, northern Sumatra in Indonesia, and southern Thailand (IMT-GT, set up in 1991); the Brunei -Indonesia -Malaysia- Philippines East ASEAN Growth Area (BIMP-EAGA, set up in 1994); and the Greater Mekong Sub-region comprising Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand, Vietnam and Yunnan province in the PRC (the GMS, set up in 1992). The other growth triangles active outside ASEAN include the precedent sub-regional growth zones, popularly known as the South China Sea Growth Triangle (SCGT, 1980s, included Hong Kong, Taipei, Macao); Truman River Economic Development Area (TREDA, set up 1990-91), Northeast Asia Economic Zone (includes Russian Far East, north-east China, two Koreas, Japan, set up in 1991); Yellow Sea Economic Zone (set up in 1992); the South Asian Growth Triangle (SAGT, launched in 1996, comprising Bangladesh, Bhutan, India and Nepal); and also SAARC (South Asian Association for Regional Cooperation): Source; Growth Triangles In Asia: A New Approach to Regional Economic Cooperation: Thant, M., tang, M. and Kakazu, H. (ed.) 1998. ADB: Oxford: Oxford University Press

development in Southeast Asia. Many scholars seem to agree that the existence of sub-regional cooperation per se has contributed to a more peaceful and stable regional situation in the Mekong valley. As Thant (1998: 45) stated, “the political benefits of ADB-led GMS cooperation are enormous... there is now peace and stability in most of the sub-region, where this had rarely existed. Formerly the source of conflicts among participating riparian countries, the Mekong has become a source of cooperation”.

- Economic corridors projects:

After the Asian financial crisis, the GMS conferences (the eighth, ninth and tenth meetings) emphasised the new development strategies of the GMS countries. The new strategy focused on an economic approach that is designed to construct transportation network system links, to encourage effective private investment in trade, production (both agriculture and industrial), tourism and other services as well as to solve the poverty and environmental management problems of local people⁸. As agreed during the eighth GMS conference, the East-West Corridor Cooperation project was implemented. This cooperation seeks to build sub-regional transport infrastructure connections with the potential to push economic development for areas along the corridor. This project is to build a highway to shorten the travelling distance from northern Thailand to the Vung Ang Port (sea-port of central Vietnam⁹), making the seaport an important GMS resource for the central and northern inland areas of three countries, and promoting economic development for the area along the corridor (cash crops, forestry, mining and sea products of central Vietnam; agricultural, forestry, mining and hydro-electric power resources of central Laos; agricultural and house ware industries in northeast Thailand) (Shengda, 2004: 141). Moreover, there are other major ongoing economic corridors such as: 1) the North-South transport corridor, linking Kunming, PRC and Chiang-rai, Thailand with Laos; 2) the Bangkok-Phnom Penh-HoChi Minh City-Vung Tau transport corridor; and 3) the Kunming-Hanoi-Haiphong multimodal transport corridor that includes roads, railways and waterways.

⁸ Office of National Economic and Social Development Board, Regional Development Cooperation Committee Office, Thailand and Greater Mekong Sub-region (GMS), p.2

⁹See more details about sea-port construction in
http://www.accessvietnam.net/investmentvietnam/investment_hatinh.html

These development guidelines can accelerate the process of improving the cross-border movement of goods and people within the GMS through the use of effectively coordinated plans as well as financial support from the ADB and also ASEAN. The East-West economic corridor strategy will accelerate economic development in Indochina, Thailand and Myanmar. Moreover, the North-South Economic Corridor is also important for Sino-Thai strategic economic cooperation. Despite lacking support for this prioritisation from the ADB, the North-South route (Kunming-Chiang Rai) has gained strong support from state actors, especially Thailand and China, who are the most active states in the GMS. Furthermore, the ASEAN-MB conference stated the importance of this North-South Economic Corridor as Singapore and Malaysia are promoting the Singapore-Kunming road and railway linking projects¹⁰. This reflected the fact that the trends of the GMS framework have not only been guided by the ADB, but have also been influenced by active GMS members like Thailand and China and other ASEAN countries.

3.3 Proliferation of sub-regionalism

Apart from process of economic cooperation in the GMS, the cooperation also leads to expanding issues. According to political economy perspective, the role of key state actors like Thailand and China can be involved. However, the rest of the members are also facing with a number of challenges of participation with the GMS. Beside, security issues are concerned as well.

- 3.3.1) Key state actors - Sino-Thailand participation

According to its initial objectives, GMS cooperation has the nature of an open regionalism, with many kinds of cooperative mechanism operating and having an effect on different aspects. Some cooperation just involves a number of members in the area rather than all participants. Sometimes, the GMS gives priority to bilateral cooperation such as that between Yunnan in China and the northern region of Thailand, the first workshop being held in April 2004 (Shenda, 2005: 143). It has become clear that an annual workshop would be an important mechanism for cooperation, trade and investment, tourism, transportation and social development,

¹⁰ Document of Regional economic development committee Office in preparing the 11th GMS Senior Official meeting in 2002

and this is how the cooperation will be conducted, bringing benefits to other areas as well.

Existing studies show that strategic cooperation between Thailand and China's Yunnan province has strengthened the GMS. In fact, these two countries have their own economic development strategies for developing the area of the present GMS. Having coincided with their national development strategies, Thailand and China have been strong promoters of the GMS North-South Economic Corridor to build economic links between the northern part of Thailand and the Yunnan province of China, and to construct land, water, air and railway infrastructure developments in order to facilitate economic activities along the border area.

Concerning the advantages of promoting the GMS, the benefits to Thailand are that it can become the transportation hub of this sub-region and make gains from regional trade and tourism. In addition, Thailand can employ the GMS projects as alternative tools for developing its remote areas. Additionally, because of its shortage of available water resources and their high cost, Thailand needs to import much of its electricity supply from neighbouring countries. The GMS cooperation can therefore be beneficial to Thailand in terms of low cost electricity imported from Yunnan and Laos. Moreover, the Mekong River is essential for agricultural growth in the north-eastern part of Thailand, and Thailand can utilise the water resources in the upper Mekong river.

For China, participation with the GMS is in line with its domestic policy of constructing a prosperous society, and with its diplomatic objectives of promoting world peace and regional development with neighbouring countries (Shengda, 2005: 126). Moreover, China aims to promote Asian regional cooperation and to accelerate regional development and prosperity through bilateral/multilateral cooperation, in order to create new economic opportunities and provide advantages from the opening-up and development of China's less developed provinces and regions. For China, the GMS is a geographical hub linking China to Southeast Asia and South Asia that enables it to play an important role in Asian cooperation. In addition, the GMS countries and China have close relations in terms of history, culture and ethnic minorities. Moreover, the plentiful natural resources of the member countries have great potential hydroelectric power for providing benefits in economic growth,

developing infrastructure and increasing the value of trade, investment and tourism income.

From the participation of Thailand and China in the GMS, the other GMS members also obtain advantages from their involvement. For example, Thailand and China helped Laos to construct the route R3 project (Chieng-ria -Kunming via Laos) by providing financial assistance¹¹. It can be said that even though the GMS programme is based on multilateral cooperation where all members take part equally, the active role of the richer countries is needed to push the GMS transport linkage projects to completion. In addition, the more developed countries like Thailand and China can help the rest of the GMS members not only by providing financial support for infrastructure development but also by encouraging human resource development in the sub-region. Moreover, Thailand and China also play an important role by investing in the other GMS countries. From 1995 to 2002, the total value of project contracts and labour contracts between Yunnan province and the other five GMS countries reached US\$ 1.1 billion, of which projects valued at US\$ 600 million have been accomplished (Shengda, 2005: 131). Over the past decade, Yunnan has contracted dozens of construction projects in Laos and a hydroelectric station in Myanmar is now under construction. Moreover, Thailand has also invested in a hydropower project in Laos (Project E5: Theun-Hinboun and Nam Ngam in Project E6¹²).

- 3.3.2) Challenges of the rest members

Despite the impact of the cooperation on the Mekong drainage area can improve the living standards of people throughout the area and improving the infrastructure can create trade flows for local commodities and encourage direct investment. Sub-regional cooperation may also be understood in terms of converging domestic policy preferences among regional states. Convergence of national economic policy preference centred on certain ideas may lead to regional cooperation as a way of consolidating market-liberal policies. The fact remains that each member still has their own profitable aims and focus because of their different terrain, location and water regime as well as resources capacity.

¹¹ Border Trade available from <http://www.chiangraiinfo.com/criinfo.html>

The Mekong basin is located in the middle of the GMS countries and the GMS embraces China's Yunnan, Cambodia, Laos, Myanmar, Vietnam and Thailand, covering 2.32 million square kilometres, while the Mekong river and its tributaries flow through an area of 0.81 million square kilometres, among which Yunnan occupies 12% of the basin area and 16% of water flow; Laos 26% and 35% ; Myanmar 2% of average water flow; Thailand 23% and 18%; Cambodia 20% and 18% and 11% (Shengda, 2005, 145). Because of these differences, contradictions exist among members, especially as concerns resources usage. As well as China and Thailand, Cambodia, Laos, Myanmar and Vietnam are also concerned in this cooperation. Although their economies are on a smaller scale, these countries aim to develop their economic stability by promoting this sub-regional cooperation.

Laos is particularly active in GMS cooperation and development. Laos takes up one third of all water energy resources and has nearly half the length of the Mekong River. Consequently, Laos hopes to develop its water resources as a centre of water energy and needs the participation of its neighbours and a big economic country like Japan in the hydropower station development plan that could lead to economic growth and social prosperity for all the participant countries. Besides, improvement of transportation within the GMS areas can push trade and tourism forward.

Myanmar is the next upstream country along the Mekong River. The length of the river is much shorter here than in other countries in the GMS and it only has 2% of all the water flow volume. As a result, it has fewer potential conflicts with other countries on using the water resource but the GMS cooperation can profit its economic growth. The Myanmar government is interested in pursuing trade and tourism issues through the GMS cooperation. Moreover, the construction of the East-West corridor can bring benefits by establishing closer economic links with China, Thailand, Laos and Vietnam.

For Cambodia, the GMS area is a significant economic development zone, particularly in agriculture. Cambodia hopes that the GMS cooperation can lessen

¹² see more detail in <http://www.adb.org/GMS/Projects/default.asp>

floods and droughts develop agriculture and make the area the “grain barn” of the GMS countries. In addition, electricity supply in Cambodia is seriously insufficient; therefore making full use of water resources is its hope for solving this problem. However, Cambodia is located downstream and it is sensitive to water resource exploitation and utilisation by other countries upstream, so Cambodians hope that the GMS cooperation can benefit environmental development along the river.

Vietnam contains the lowest reaches of the river and the Mekong delta is its grain barn, so controlling floods in the rainy season is its main task in agricultural production. Hence, Vietnam hopes that the impact of the GMS cooperation can lead to the lessening of flood hydroelectric powers and benefits from water resources utilisation on the Mekong delta.

- 3.3.3) Security issues

Security issues also impede development of the GMS cooperation. Security issues have included disagreements between neighbouring states such as the Thai-Myanmar military dispute or the border demarcation between Thailand and Laos. In addition, there are ongoing conflicts within each member country such as the conflicts involving ethnic minority in Myanmar. There are also important problems involving drugs, arms smuggling and illegal labour issues, particularly across the borders between Thailand-Laos-Myanmar. Additionally, There are a number of factors that complicate the situation in the GMS hydro-electric power, creating tension in terms of politics. Evidentially, the energy factor has weighed both negatively and positively in the security picture of the area. It can increase the competition between Thai firms and Chinese firms for investment in electric power in Laos. There can also be conflict between local communities and people and the companies who invade their land in order to build oil and gas pipelines or to construct dams for electricity.

3.4 Institutions: the cooperation mechanism and institutional arrangements

Over a decade of existence, the GMS’s actual contribution to economic cooperation and political coordination among its members may be regarded as poor, but the GMS has both enlarged itself and depended on a particular form of institutional development. From a historical perspective, at the time of its conceptualisation, the GMS were devised as an informal economic process that would

be business-led and require no extensive institutional structures. However, it has developed a web of sub-regional bureaucratic institutions.

According to the neoliberal institutional approach, the cooperation within the GMS, as it has existed for a decade, is controlled by the international organisations' participative mechanisms. Originally, the GMS was initiated and supported by the ADB, a multilateral development finance institution mandated to promote regional cooperation by its charter. At present, the ADB continues to play the role of major donor agency for financial support and to guide the project-oriented programme. From 1992 to 2003, the GMS held twelve Annual Ministerial Meetings that constituted its main cooperative institution. However, the GMS programme, as a project-oriented programme, is informal and guided by a set of general principles and institutional arrangements. However, at the summit meeting held in Phnom Penh, Cambodia, in November 2002, a "Declaration of Leaders and Development Planning" was passed by which cooperation was planned and promises made for the coming decade (ADB 2002: overview).

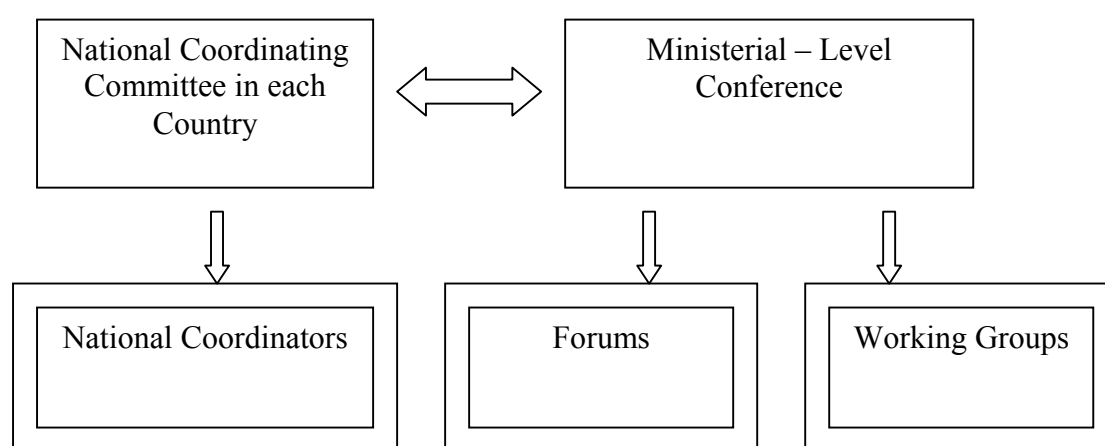
According to the sub-regional mechanism, the GMS was designed to serve the interests of the participating countries through greater economic cooperation, such as by facilitating sub-regional trade and investment, promoting sub-regional development opportunities, and resolving trans-border issues. Moreover, it is only guided by a set of principles discussed and agreed upon by the GMS Ministerial Conference, which are¹³:

- The ultimate objective of sub-regional economic cooperation is to facilitate sustainable economic growth and improve the living standards of people in the sub-region.
- Sub-regional projects could involve any number of countries in the sub-region and not necessarily all six. Bilateral arrangements should be considered to be the building blocks of multilateral cooperation.

¹³ See Asian Development Bank, *Economic cooperation in the Greater Mekong Sub-region: Toward Implementation*, (Manila: Asian Development Bank, 1994) p.5-6

- It is not the objective of economic cooperation in the sub-region to allow the formation of a trade bloc in the sub-region; the idea is to build on an expansion of existing relationships.
- It is important to recognise the linkages among sectors such as those involving infrastructure, environment and human resource development.
- Considering resource constraints, priority should be given to the improvement or rehabilitation of existing facilities over the construction of new ones.
- The participation of the private sector is necessary, because it can play an important role in the process of sub-regional economic cooperation.

Figure: GMS Institutional Arrangement



Source: Asian Development Bank; <http://www.adb.org/GMS/gmsecp.asp>.

Under this institutional arrangement, the objectives of a ministerial level conference are to outline the agenda, discuss key issues, and decide on general areas of concentration in order to provide overall policy guidance and support. Likewise, a National Coordinating Committee in each country has the duty to coordinate and participate in GMS activities. Moreover, consistent with its requirement to assist, the ADB has provided technical, administrative and logistical support to these forums and working groups.

- The GMS's development of the institutional mechanism

To ensure effective project implementation and to sustain cooperation, the six countries established an institutional mechanism as part of the GMS programme. Concerning the development mechanism of the GMS at the international level, there

are two basic forums within the original institutional framework of the GMS (ADB, 2001: vi):

- Ministerial Conferences/Meetings (MM) and Senior Official Meetings (SOM)
- Sector Forums or Working Group Meetings

Ministerial Conferences/Meetings (MM) and Senior Official Meetings (SOM) are held approximately once a year to consider and review the programmes/projects under the overall programme. Sector Forums or Working Group Meetings have been held regularly to oversee project initiation and implementation in specific sectors and areas, and to report the progress of each sector under the programme to the MM and SOM.

4. Conclusion

Like many other sub-regional groups in the post Cold War world, the GMS were created in the early 1990s as a state-sponsored mechanism to establish a conducive sub-regional regime for economic cooperation. Due to the sub-regionalism, every member country has a common interest as mutual economic cooperation. However, apart from being an economic cooperation, the GMS's aims go far beyond purely economic goals as it seeks to turn the region into one of peace, stability and prosperity.

After ten years' development, the GMS has been changed greatly, particularly as the economic development of Vietnam and Yunnan province have made rapid progress. The possibilities of the cooperation have already been realised for all sides. The common points, interests and concerns as generalised by the ADB's eight aspects still basically remain as they were originally. Their aim is almost always to promote development and trade within the context of their national priorities, including gaining economic benefits from larger and more integrated markets, the freer flow of skilled workers, the greater exchange of technology, rational development of resources and the more uniform treatment of capital (Chen and Lee 1998: 187). Governments of each country see also advantages in assisting this process by cooperative improvements in infrastructure such as roads, railways, airlines, bridges, ports, river navigation and electric power (Arndy, 1994: 98).

Likewise, strengthening sub-regional institutions is also important. Sub-regionalism is an indigenous, top-down process initiated by local governmental elites. The member states therefore have to establish the necessary institutional frameworks and mechanisms for coordination in order to empower the inter-governmental authority in bargaining and intra-regional interaction. Moreover, a legitimate function of the institution can be to provide active projects more efficiently among member states and also to involve external supporters. Probably sub-regionalism can release political issues causing intense security dilemmas among the members along borders.

Even though the GMS members have different individual backgrounds, including different developmental stages, systems and geographical locations and sometimes one party may tend to lay stress on a certain field or on what will profit it most, which has inevitably created some disagreements, the GMS members can realise their sub-regional purpose and identity by strengthening overall economic prosperity in order to enhance political stability and establish a social safety net throughout the sub-region.

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